UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Public Inquiry on the Methodology to
Estimate the Value of the Postal Service
Letter and Mailbox Monopolies

Docket No. PI2020-1

CHAIRMAN'S INFORMATION REQUEST NO. 4

(Issued April 27, 2020)

To further assist the Commission in its public inquiry concerning potential
methodological changes to the computation of the estimated values of both the
combined letter and mailbox monopolies and the mailbox monopoly alone (collectively
the postal monopoly),[1] the Postal Service is requested to provide written responses to
the following questions. The responses and data requests should be provided as soon
as possible, but no later than May 11, 2020.

1.   In its Response to CHIR No. 3, the Postal Service states that it "could provide an
      annual [Rural Mail Count (RMC)] RMC dataset for use in the postal monopoly
      valuation model. The updated RMC dataset should hopefully be available by the
      end of the second quarter of each fiscal year."[2] Please provide a status report

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[1] Notice and Order Providing an Opportunity to Comment, October 1, 2019 (Order No. 5260).

[2] Responses of the United States Postal Service to Questions 1-9 of Chairman's Information
Request No. 3, March 19, 2020, question 2 (Response to CHIR No. 3).

and potential schedule as to the availability of the updated RMC dataset.[3]

2.   In its Response to CHIR No. 3, the Postal Service states that "[b]ecause [the Rural Carrier Cost System (RCCS)] RCCS-Digital was not in operation during FY 2018, there is no RCCS digital dataset available… ."[4] Please refer to Table 1 below showing the number of "TESTID"s (or sampled ZIP Code-days) by fiscal year quarter in the RCCS digital file provided in Docket No. ACR2018 and Docket No. ACR2019.[5]

Table 1
RCCS Digital Sample TESTIDs (ZIP Code-Days) by
Fiscal Year 2018 and 2019 Quarter

Fiscal Year	Quarter 1 (October-December)	Quarter 2 (January-March)	Quarter 3 (April-June)	Quarter 4 (July-September)
2018	5,588	5,705	5,763	4,987
2019	5,508	5,665	5,634	5,656
Source: Commission analysis of Docket No. ACR2018, Library Reference USPS-FY18-35, SAS dataset, "rccs_z_acr_fy18_dig_pub_final.sas7bdat," and Docket No. ACR2019, Library Reference USPS-FY19-35, SAS dataset "rccs_z_acr_dig_public_fy19_final.sas7bdat."				

[3] The updated RMC dataset includes rural mail counts conducted after the March 2018 RMC provided in Docket No. ACR2018, Library Reference USPS-FY18-40, December 28, 2018, DATA file "FY2018.March.RMCFlat.DATA." Rural routes established after February 2018 are not included in the March 2018 RMC. Docket No. ACR2019, Responses of the United States Postal Service to Questions 1-41 of Chairman's Information Request No. 4, January 24, 2020, question 21.

[4] Response to CHIR No. 3, question 5.f. The Commission approved use of the Origin-Destination Information System – Revenue, Pieces, and Weight digital samples of Delivery Point Sequenced (DPS) mail destined for rural delivery to enhance the estimation of DPS RCCS mail volumes and replace a large portion of manual sampling of DPS letter trays by RCCS data collectors. *See* Docket No. RM2018-4, Order on Analytical Principles Used in Periodic Reporting (Proposal One), July 13, 2018 (OrderNo.4712).

[5] Commission analysis of the RCCS digital sample SAS datasets, Docket No. ACR Docket No. ACR2018, Library Reference USPS-FY18-35, December 28, 2018, SAS dataset, "rccs_z_acr_fy18_dig_pub_final.sas7bdat," (Docket No. ACR2018, Library Reference USPS-FY18-35) and Docket No. ACR2019, Library Reference USPS-FY19-35, December 27, 2019, SAS dataset "rccs_z_acr_dig_public_fy19_final.sas7bdat" (Docket No. ACR2019, Library Reference USPS-FY19-35). Generally, the first digit of the test ID variable indicates the fiscal year quarter. *See* Docket No. ACR2018, Library Reference USPS-FY18-35, PDF file "USPS-FY18-35_RCCS_Preface.pdf," at 17 and Docket No. ACR2019, Library Reference USPS-FY19-35, PDF file "USPS-FY19-35_RCCS_Preface.pdf" at 16.

    a.   Please confirm that in Docket No. ACR2018, a full fiscal year in 2018 was sampled for the RCCS digital sample.[6] If not confirmed, please explain the similar fiscal year quarterly counts between the FY 2019 and FY 2018 "TESTID"s sampled.

    b.   If the response to a. of this question is confirmed, please provide the information for the FY 2018 RCCS digital data requested in CHIR No. 3.[7]

    c.   Please provide the information for the FY 2018 RCCS manual sample data requested in CHIR No. 3.

3.   In its Response to CHIR No. 3, the Postal Service states that it "is unable to supplement the March 2018 RMC dataset, filed in Docket No. ACR2019 in [Library Reference] USPS-FY19-40 with a distinct delivery ZIP for each route."[8]

    a.   For each of the rural routes in the supplemental[9] March 2018 RMC dataset without a distinct delivery ZIP, please provide the "ZIP 3 Code."[10] If the "ZIP 3 Code" is not available for all the rural routes in the March 2018 RMC dataset, please explain why.

    b.   For the updated March 2018 RMC dataset requested in question 1. above, please confirm that the "ZIP 3 Code" will be provided for those routes

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[6] Each ZIP Code-day is sampled multiple times on the day sampled in the RCCS digital dataset. In the FY 2018 and FY 2019 RCCS digital dataset there are 2,093,397 and 1,999,810 sample records, respectively.

[7] Chairman's Information Request No. 3, February 18, 2020, question 5.f. (CHIR No. 3). CHIR No. 3, question 5.f. asked the Postal Service to provide the FY 2018 RCCS manual **and** (emphasis added) digital SAS datasets with the same additional variables (including the unencrypted ZIP Code) provided for the CCCS manual and digital SAS datasets. *See* Library Reference USPS-PI2020-1/1, November 1, 2019, PDF file "PI.2020.1.Cmmtns.Fldr1.Preface.pdf," at 2-3.

[8] Response to CHIR No. 3, question 7. The Postal Service explained that some rural routes deliver to more than one delivery ZIP Code. *See id.*

[9] The Postal Service provided the supplemental March 2018 RMC dataset in Library Reference USPS-PI2020-1/NP2, March 19, 2019.

[10] *See* ZIP 3 Code List by Area/District, available at*: https://about.usps.com/what-we-are-doing/service-performance/Zip3ByAreaDistrict.html.*

without a distinct 5-digit delivery ZIP Code. If not confirmed, please explain why.

4.   In its Response to CHIR No. 1, the Postal Service confirmed that the Delivery Operations Information System (DOIS) delivery point sequence (DPS) volume is available for the same route-days currently sampled in the manual City Carrier Cost System (CCCS).[11] In CHIR No. 3, the Commission requested the DPS volume for each of the route-days in the FY 2018 and FY 2019 manual sample CCCS SAS files. CHIR No. 3, questions 6.a.-6.b. The following questions relate to the data in the Excel files provided along with the Response to CHIR No. 3, questions 6.a.-6.b., in Library Reference USPS-PI2020-1/2.[12]

a.   Both the FY 2018 and FY 2019 Excel files presumably showing the DPS volume for each of the manual sample CCCS route-days contain no DPS volume for some route days. Please specify whether the blanks or no data in Excel files "ch3Q6_FY2018.xlsx" and "ch33Q6_FY2019.xlsx," column E, labeled "DPS_Volume" in Library Reference USPS-PI2020-1/2 are blank due to no DPS mail delivered on the route on the date sampled, a data error, or both.

b.   The number of CCCS route-days with DPS volume differs substantially between the FY 2017 CCCS sample and that extracted from Network

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[11] Responses of the United States Postal Service to Questions 1-5 of Chairman's Information Request No. 1, October 17, 2019, question 5 (Response to CHIR No. 1). Under the current postal monopoly model methodology, the CCCS route-days are evaluated to determine whether the entrant can profitably deliver the contestable volumes on the city route. Postal Regulatory Commission *Report on Universal Postal Service and the Postal Monopoly*, December 19, 2008 (Report). *See* Report, folder "Appendices.zip," folder "USO Appendices," PDF file "Appendix F Section 4.pdf," *Quantitative Analysis of the Value of the Postal and Mailbox Monopolies*, Robert H. Cohen, at 9, available at: *https://www.prc.gov/prc-reports?keys=USO&field_report_type_value=All&=Apply.*

[12] *See* Library Reference USPS-PI2020-1/2, March 19, 2020, folder "Responses to CHIR No.3," folder "PI2020-1_2.ChIR.3.Public.Files," folder "USPS_PI2020-1_2," folder "Q6," Excel files "ch3Q6_FY2018.xlsx," and "ch33Q6_FY2019.xlsx."

Operations Data Mart[13] / DOIS for the FY 2018 and FY 2019 CCCS manual sample provided in Response to CHIR No. 3, question 6, Library Reference USPS-PI2020-1/2. For example, in the Docket No. ACR2017, Library Reference USPS-FY17-34, CCCS sample dataset, DPS volume was delivered on 8,324 route-days out of the 8,355 route-days sampled in FY 2017.[14] The extracted DPS volume for the FY 2018 CCCS manual route-days provided with the Response to CHIR No. 3, question 6, Excel file includes only 4,573 route-days (47 are blank in the DPS volume column) and the FY 2019 Excel file includes only 522 route-days (8 are blank in the DPS volume column).[15]

i.   In Docket No. ACR2018, Library Reference USPS-FY18-34, the CCCS manual sample dataset contains 8,326 route-days (636 route-days also have manually sampled DPS volume as the route ZIP Code is not in the CCCS digital sample frame).[16] Please either file a revised FY 2018 Excel file with the extracted DPS volume for each of those CCCS route-days that were digitally sampled or explain why there are only about 4,600 route-days listed in the FY 2018 Excel file provided in Library Reference USPS-PI2020-1/2 with the Response to CHIR No. 3, question 6.[17]

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[13] *See* Response to CHIR No. 1, questions 4, 5.

[14] Commission analysis of Docket No. ACR2017, Library Reference USPS-FY17-34, December 29, 2017, folder "USPS-FY17-34_CCCS," SAS dataset "cccs_z_acr_public_fy17_final.sas7bdat."

[15] *See* Library Reference USPS-PI2020-1/2, folder "Responses to CHIR No.3," folder "PI2020-1_2.ChIR.3.Public.Files," folder "USPS_PI2020-1_2," folder "Q6," Excel files "ch3Q6_FY2018.xlsx," and "ch33Q6_FY2019.xlsx."

[16] Commission analysis of Docket No. ACR2018, Library Reference USPS-FY18-34, December 28, 2018, folder "USPS-FY18-34_CCCS," SAS dataset "cccs_z_acr_public_fy18_final.sas7bdat."

[17] *See* Library Reference USPS-PI2020-1/2, folder "Responses to CHIR No.3," folder "PI2020-1_2.ChIR.3.Public.Files," folder "USPS_PI2020-1_2," folder "Q6," Excel file "ch3Q6_FY2018.xlsx."

(1)   Please specify (if a revised FY 2018 file is provided) for each blank in the DPS volume field, whether the field is blank due to a data error or due to no DPS volume delivered on that route-day.

(2)   If a revised FY 2018 file is provided and the number of route-days does not total (when combined with the route-days with DPS volume manually sampled) to the number of CCCS route-days manually sampled in the Docket ACR2018, Library Reference USPS-FY18-34, CCCS manual SAS dataset, please explain the reason(s) why.

ii.   In Docket No. ACR2019, Library Reference USPS-FY19-34, the CCCS manual sample dataset contains 8,317 route-days (505 route-days also have manually sampled DPS volume as the route ZIP Code is not in the CCCS digital sample frame).[18] Please either file a revised FY 2019 Excel file with the extracted DPS volume for those route-days that were digitally sampled or explain why there are only about 500 route-days listed in the FY 2019 Excel file provided in Library Reference USPS-PI2020-1/2 with the Response to CHIR No. 3, question 6.[19]

(1)   Please specify (if a revised FY 2019 file is provided) for each blank in the DPS volume field, whether the field is blank due to a data error or due to no DPS volume delivered on that route-day.

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[18] Commission analysis of Docket No. ACR2019, Library Reference USPS-FY19-34, December 27, 2019, folder "USPS-FY19-34_CCCS.Files," SAS dataset "cccs_z_acr_public_fy19_final.sas7bdat."

[19] *See* Library Reference USPS-PI2020-1/2, folder "Responses to CHIR No.3," folder "PI2020-1_2.ChIR.3.Public.Files," folder "USPS_PI2020-1_2," folder "Q6," Excel file "ch33Q6_FY2019.xlsx."

> (2)   If a revised FY 2019 file is provided and the number of route-
> days does not total (when combined with the route-days with
> DPS volume manually sampled) to the number of CCCS
> route-days manually sampled in the Docket ACR2019,
> Library Reference USPS-FY19-34, CCCS manual dataset
> SAS file, please explain the reason(s) why.

By the Chairman.

Robert G. Taub